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CENTRAL INTELLIGENCE AGENCY

REPORT

INFORMATION REPORT

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COUNTRY China

DATE DISTR.

SUBJECT Situation in Yunnan

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SUPPLEMENT TO
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1. LUIG Yun returned to Kunming in the middle of August. His plan was to attempt to stabilize conditions in Yunnan by rallying support for the Communist Government. He has had virtually no effect on the situation and expects to return to Peiping on 26 September.
2. LUIG's third son was killed in a battle between Communist soldiers and guerrillas near Kunming in June. He had organized a group of about 2,000 by the time the Communist soldiers attacked.
3. LU Han's forces have dwindled to less than 10,000 men chiefly because of desertions. These deserters become guerrillas or bandits.
4. Opium traffic, tolerated and heavily taxed by the Communist authorities, flourishes as usual in Yunnan.

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Comment. The return to Yunnan of LUIG Yun and the death of his son have been reported as rumors in the Chinese press of Hong Kong.

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